

**Business Opportunity
For Concession Operations**

Death Valley National Park

Stovepipe Wells and Scotty's Castle

Department of the Interior

National Park Service

SUMMARY OF BUSINESS OPPORTUNITY¹

Nature of Business and Services Provided:

The concessioner operating under the new concession contract for concession operation at Stovepipe Wells Village and Scotty's Castle in Death Valley National Park will offer the following visitor services:

Required Services

Lodging operations at Stovepipe Wells
Operation of the Toll House restaurant and Badwater Saloon
Gift shop and general store in the Stovepipe Wells area
Limited food service and gift shop at Scotty's Castle
Sale of gasoline at Stovepipe Wells and Scotty's Castle

Authorized Services

Internet access
Special event catering

Annual Gross Receipts by Year (as reported, for all services)

	2001	2002	2003	2004	2005
Total Revenue	\$4,445,145	\$4,143,067	\$4,534,750	\$4,349,999	\$5,035,373

¹ In the event of any inconsistency between the terms of the attached Draft Contract and this summary, the Draft Contract will prevail.



Proposed Minimum Franchise Fee:	2.5 percent of Gross Receipts of \$4.5 million and under
	7.5 percent of Gross Receipts over \$4.5 million, but less than or equal to \$5.5 million
	12.5 percent of Gross Receipts over \$5.5 million
Maintenance Reserve	2.0 percent
Term of Draft Contract:	Ten years

Required Investment, as estimated by the National Park Service

Other Property	\$426,000
Inventory	\$339,000
Concession Facilities Improvement Program	\$351,000
Possessory Interest	\$0
TOTAL	\$1,116,000

The Director has determined that no preferred Offeror for this Draft Contract exists pursuant to the terms of 36 CFR Part 51.



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INTRODUCTION

This document describes in general terms the existing business and the business opportunity for the facilities and services to be authorized by the National Park Service (“NPS”) located within Death Valley National Park (“Park”). Potential Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the attached Draft Contract, including its exhibits, to determine the full scope of a concessioner’s responsibilities under the Draft Contract. This solicitation is being conducted in accordance with the National Park Service Concessions Management Improvement Act of 1998 (PL 105-391).

This Prospectus is issued under the authority of 36 CFR Part 51. In the event of any inconsistency between the terms of this Prospectus and 36 CFR Part 51, the terms of 36 CFR 51 will control. Additionally, in the event of any inconsistency between the terms of the attached Draft Contract CC-DEVA003-07 and this Business Opportunity section, the attached Draft Contract will control.

The National Park Service and its Mission

America’s National Park Service was created by Congress to:

...conserve the scenery and the natural and historic objects and the wildlife therein, and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations.

Additionally, the Congress has declared that the NPS areas should be,

...preserved and managed for the benefit and inspiration of all the people of the United States.

To learn more about the NPS, visit www.nps.gov. This site includes information about the NPS mission, policies, and individual park information.

Death Valley National Park Mission

On February 11, 1933, Herbert Hoover’s signature officially created Death Valley National Monument. On October 31, 1994, over 61 years later, Death Valley became a National Park. The Park’s stated mission dedicates the Park to:

Protecting significant desert features that provide world class scenic, scientific, and educational opportunities for visitors and academics to explore and study.



The Park's purpose is to:

- Preserve the unrivaled scenic, geologic, and natural resources of these unique natural landscapes, while perpetuating significant and diverse ecosystems of the California desert in their natural state. Ensure the maximum protection of wilderness values provided by law.
- Preserve the cultural resources of the California desert associated with prehistoric, historic and contemporary Native American culture, patterns of western exploration, settlement and mining endeavors.
- Provide opportunities for compatible public outdoor recreation and promote the public's understanding and appreciation of the California desert by interpreting the natural and cultural resources.
- Retain and enhance opportunities for scientific research in undisturbed ecosystems.

Additional information about the Park can be found at <http://www.nps.gov/deva>.

Description and History

Death Valley preserves the natural wonders and spectacular scenery of the Great Basin Desert. Encompassing over 3.4 million acres, Death Valley National Park provides the visiting public with a variety of attractions. Badwater, the lowest point in the western hemisphere at 282 feet below sea level is a stark contrast to 11,049-foot Telescope Peak 15 miles away on the Park's western border, and 5,475-foot Dante's View on the eastern border. The Park also boasts the title of hottest and driest spot in North America. The Park attracts stargazers because it has minimal cloud cover and man made light pollution. President Herbert Hoover's signature officially created Death Valley National Monument on February 11, 1933. In 1984, the Park was included in the Mojave and Colorado Deserts Biosphere Reserve. On October 31, 1994, the area became a National Park, expanding to include additional acreage and designating 95 percent of its acreage as wilderness preserve.

Death Valley National Park contains Death Valley in its entirety. The 156-mile-long Death Valley lies between two mountain ranges, the Amargosa Range on the east and the Panamint Range on the west. The California Desert Protection Act added most of the Saline, Eureka, northern Panamint, and Greenwater valleys to the Park. Devils Hole, a small, non-contiguous part of Death Valley National Park, is located within Ash Meadows National Wildlife Refuge in Nevada.²

For thousands of years, the Timbisha Shoshone Tribe has lived in and around the area that is now Death Valley National Park. For many years, the Tribe sought to obtain trust land within its aboriginal homeland. In 1994 Congress began the process to address these needs. In October 2000, the President signed legislation that, among other actions, transferred 314 acres at Furnace Creek to the Tribe, which includes the present Timbisha Village site.

While historians are quick to point out that most of the deaths in the pioneer party for which Death Valley was named did not actually occur there, the land has a sense of foreboding. This

² http://www.americansouthwest.net/california/death_valley/national_park.html



sense and subsequent tragedies have led to a collection of morbid names for locations within the valley; they include Funeral Mountains, Coffin Peak, Hell's Gate, Starvation Canyon and Dead Man Pass.

Natural Resources

Located in the Mojave Desert, the region marks an overlap in the Great Basin Desert (to the north) and the Sonoran Desert to the south. The location combined with the great differences in elevation support three biotic life zones – the Canadian, the Arctic/Alpine and the lower Sonoran. Three of America's four desert ecosystems - the Mojave, the Sonoran and the Great Basin Deserts, converge in the Park and as a result, there is a remarkable diversity of plant and animal life. The temperatures rise to over 110 degrees in summer months and decrease to less than 40 degrees in the winter and the area experiences little rainfall (less than two inches annually in the areas below sea level). The saltpan is devoid of vegetation, the valleys have sparse vegetation and the higher altitudes have typical coverage. The Park invites visitors to observe colorful badlands, snow-covered peaks, beautiful sand dunes, and rugged canyons.



The view across the valley is often hazy, especially in the late spring and summer. "On bad days, Telescope Peak is not visible from the visitor's center, even though it is only 23 miles away. Winds from the south bring in pollutants from metropolitan and industrial areas, and high temperatures accelerate the conversion of these pollutants into visibility-reducing particles." Distant metropolises are not wholly responsible for reduced visibility. Park visitors contribute to reduced visibility by kicking

up dust while driving on unpaved terrain, emitting fossil fuel emissions from their vehicles, and even breaking up the salt crust when walking over it.

The area is mineral rich. In the late 1800's and early 1900's, the area boomed with prospectors in search of gold, copper and other precious metals. The legacy of these prospectors is a number of ghost towns found throughout the area. In addition to the precious metals, borax, a mineral with a long list of household and industrial applications (i.e. laundry booster and water softener), was mined with success at Harmony Borax Works (Harmony), located 1.2 miles north of Furnace Creek campground. Although this operation closed in 1888 after five years of production, the method by which the borax was moved to railcars - 20 mule teams capable of carrying 12 tons of borax and 1,200 gallons of drinking water - has captured the imagination of park visitors during past reenactments and in the 1950's television series, *Death Valley Days*.

Visitor Services

The Park operates 365 days a year and provides camping, hiking, and lodging opportunities. Because Death Valley National Park is located approximately 125 miles from Las Vegas and McCarran International Airport, the Park is accessible to a host of international and domestic visitors.



From Las Vegas, the Park is directly accessible via U.S. 95 and Nevada Route 374. Other routes from Nevada include: Highway 267, which enters near Scotty's Castle; Highway 190, which enters near Death Valley Junction; and Highway 127 to Highway 178 which enters near Shoshone.

The routes to the Park from California are Highway 136 to Highway 190 from Lone Pine and Highway 178 from Ridgecrest.

Park visitors can contact Park officials at ranger stations and information centers. Ranger stations are located (starting in the north and moving clockwise around the compass) in Grapevine (near Scotty's Castle), Beatty, Stovepipe Wells Village, Furnace Creek Visitor Center (at Death Valley Museum), and Shoshone. Information centers are found at Scotty's Castle, Grapevine, Stovepipe Wells Village, Furnace Creek Ranch and Borax Museum, and near Furnace Creek Wash.

A complete list of Park facilities and services includes:

- four lodging establishments (Stovepipe Wells Village, Panamint Springs, Furnace Creek Ranch and Furnace Creek Inn),
- seven retail outlets (gift shops at Scotty's Castle, Stovepipe Wells Village and Furnace Creek Inn, bookstores at the Furnace Creek Visitor Center and Scotty's Castle operated by the National History Association, and general stores at Furnace Creek Ranch and Stovepipe Wells Village),
- nine food and beverage facilities (one at Scotty's, two at Stovepipe, five at Furnace Creek, and one at Panamint Springs),
- nine campgrounds, and
- four service stations.

A brief description of each commercial operation within Death Valley National Park, which includes concession operations and "in-holdings," is provided in the following paragraphs. An in-holding is a privately owned property contained within the boundary of a National Park. The facilities managed under contract by the concessioner are discussed in greater detail in the "Existing Concession Operation."



Scotty's Castle (Concession Contract)

Scotty's Castle is a historic home that attracts visitors year-round. Albert Johnson, a wealthy Chicago insurance magnate, built the estate in the 1920's. However, the estate takes its name from Walter Scott, a.k.a. Death Valley Scotty, a notorious swindler who befriended Mr. Johnson



and introduced him to the area. It is the northernmost facility in the Park, located approximately 45 miles from Stovepipe Wells. The Castle grounds and picnic areas are open and free to the public from 7 A.M. to 6 P.M. The concession facility consists of a snack bar, a gift shop and a fuel station. All services close by 5:30 P.M.

The Park Service offers individual and group tours of the historic home. All individual tours are currently \$11 for adults, \$9 for seniors and \$6 for children under 16 years of age. Individual 50-minute tours, currently limited to 19 people, operate 365 days a year from 9 A.M. to 5 P.M. The

tours through the air-conditioned estate are most popular in the afternoon when the temperatures are highest. Group tours are offered from late October through early April. Peak season for tours is November through April, during which guests may have to wait up to two hours. Technology tours, currently limited to 15 people, exhibit the advanced technologies used in the construction of the home. These tours operate November through April and in the summer when staffing allows. Children under five years of age are prohibited from this tour due to safety concerns.

There is a certain mystery to this home that lends to its popularity. Scotty claimed to have built it with profits from his gold mine. Most historians believe the home was actually built by Mr. Johnson to provide a more comfortable accommodation for Mrs. Bessie Johnson after she started accompanying her husband on his journeys to Death Valley in the 1920s. The construction was halted due to a land dispute during the Great Depression and was never completed. When the Johnsons passed away without heirs in the 1940s, the estate passed to the Gospel Foundation who continued to operate the house as a hotel until its sale to the National Park Service in 1970.

The concession operations offer food and beverage, fuel, and retail goods, which are described more completely in the section titled "Existing Concession Operation." Nearby attractions include Ubehebe Crater and The Racetrack, an odd phenomenon where boulders appear to have rolled along the valley surface.

The closest lodging to Scotty's Castle is available at Stovepipe Wells or Beatty, Nevada. The Mesquite Springs campground, located five miles south, has primitive sites (no RV hookups).

It is important to note that weather can significantly affect visitation to Scotty's Castle. Typically once or twice each year debris driven by rain runoff from a major storm will force the closure of one or more of the roads leading to Scotty's. Such closures typically last for one or two days, but certain closures have lasted as long as one week, or even three months. In some of these situations, NPS closes Scotty's Castle and the concession operations until the road reopens.



Stovepipe Wells Village (Concession Contract)

Stovepipe Wells Village consists of an 83-unit hotel, a restaurant and lounge, a campground with RV sites, a general store and a gift shop. The location has historic significance, receiving its name from a stovepipe that was used to mark a nearby well for early explorers and pioneers. However, the well is not among the most popular tourist attractions in the Park. The Sand Dunes is the most popular attraction near Stovepipe Wells Village (two miles east on Highway 190). The dunes offer easy to moderate hikes with



“dramatic light” in the morning and afternoon and good views under the moonlight. Other nearby attractions include Mosaic Canyon, Salt Creek and Titus Canyon.

Stovepipe Wells Village is located west of the intersection of Highway 190 and Highway 374. Travelers from the west pass through the village before heading north to Scotty’s Castle, east to Beatty or south to Furnace Creek. Travelers from Beatty or Death Valley Junction do not pass through Stovepipe when heading to Scotty’s Castle or Furnace Creek.

Please refer to “Existing Concession Operation” for a detailed description of each visitor service.

Furnace Creek (Privately Owned and Operated)

The facilities that comprise Furnace Creek are privately owned and operated in-holdings, excluding the nearby Visitors Center. The Furnace Creek in-holding consists of a 224-unit hotel, a 66-unit hotel, four restaurants, two lounges (one saloon, one cocktail lounge), the world’s lowest golf course (18 holes) and two retail stores. Almost 75 percent of the rooms available inside the park are located at Furnace Creek. The Furnace Creek campground is open year-round and campgrounds at nearby Sunset and Texas Spring are open seasonally.

The Furnace Creek area has a higher concentration of proximal Park attractions than Stovepipe Wells or Panamint Springs. Furnace Creek is the closest facility to several of the Park’s most popular attractions including: Furnace Creek Visitor Center and Death Valley Museum; Furnace Creek; Harmony Borax Works Interactive Trail; Borax Museum; Badwater Salt Basin; Golden Canyon; Artist’s Palette; Devil’s Golf Course (eroded rock salt formation); Natural Bridge; Zabriskie Point; Twenty Mule Team Canyon; Hole in the Wall; and Dante’s View, the “most breathtaking viewpoint” in the Park according to the Visitor’s Guide. Given the number of attractions, accommodation options and visitor services, the Furnace Creek area serves as a central location for many visitors to the Park.

Furnace Creek is located along Highway 190, north of the Highway 178 intersection. Travelers from the south pass by while traveling north to Scotty’s Castle and Stovepipe or east to Beatty.

Panamint Springs (Privately Owned and Operated)

Panamint Springs is another in-holding located on the Park’s western border along Highway 190, 31 miles west of Stovepipe Wells. Facilities include a 15-unit motel, a seasonal 68-site campground (26 tent, 12 full hook-up and 15 water only) and a snack counter/restaurant.



Panamint Springs' operators claim the only 50-amp service available in the park³. Travelers from Lone Pine (48 miles to the west) pass through Panamint Springs on their way to all of the Park's major facilities and attractions.

MARKET AREA OVERVIEW

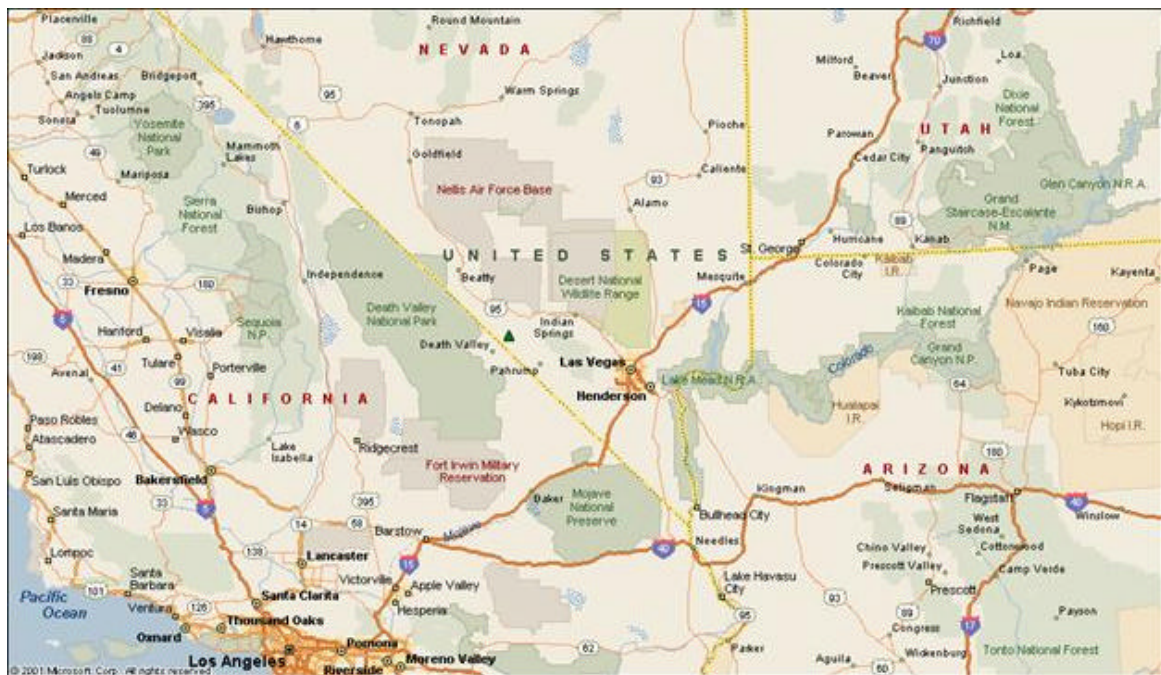
Located in the southwest region of the United States, Death Valley National Park includes the entire 156-mile length of Death Valley and encompasses 3.4 million acres along the California-Nevada border with all but two small sections in California. The Nevada "triangle," an area of 300,000 acres, was added March 6, 1937. A non-contiguous section called Devil's Hole (indicated in Exhibit 1 with a green triangle), across the state border from Death Valley Junction, California, was added January 17, 1952 to protect a listed endangered species of desert pupfish. The Park contains the lowest elevation (282 feet below sea level) in the western hemisphere and has recorded the second hottest temperature on the planet (134 degrees Fahrenheit/57 degrees Celsius on July 10, 1913). Visitors are drawn to this area to view the scenery and experience one of the most severe climates on earth.

Fast Facts

- Death Valley encompasses 3.4 million acres along the CA-NV border.
- Dramatic scenery and climate draws visitors.
- Proximate to the large population base of southern California.

The Park location is shown in Exhibit 1 and a Park map is shown in Exhibit 2.

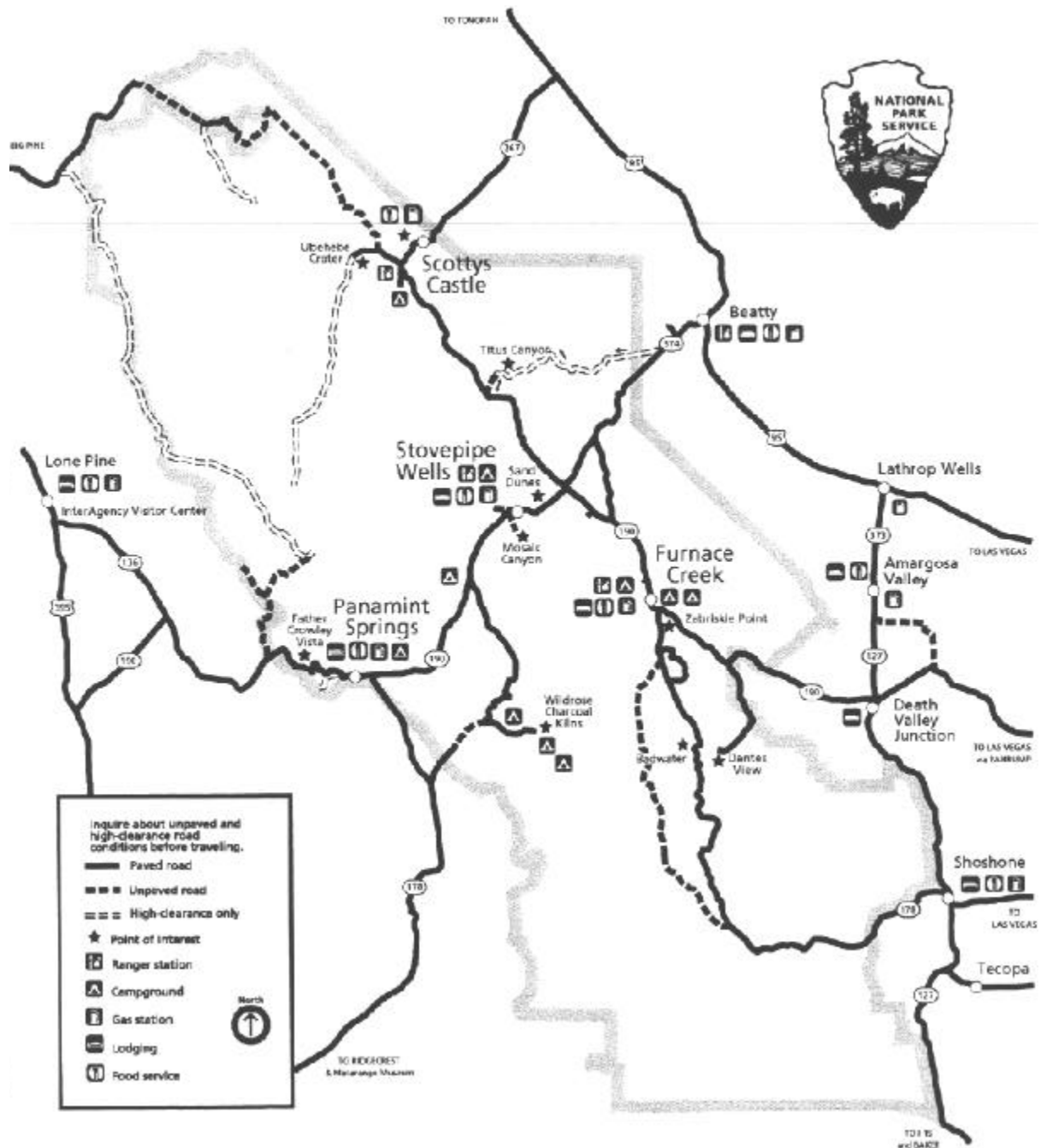
Exhibit 1 Death Valley National Park and Vicinity



³ <http://www.deathvalley.com/reserve/accommodations.shtml>



Exhibit 2 Death Valley National Park Map



Source: National Park Service

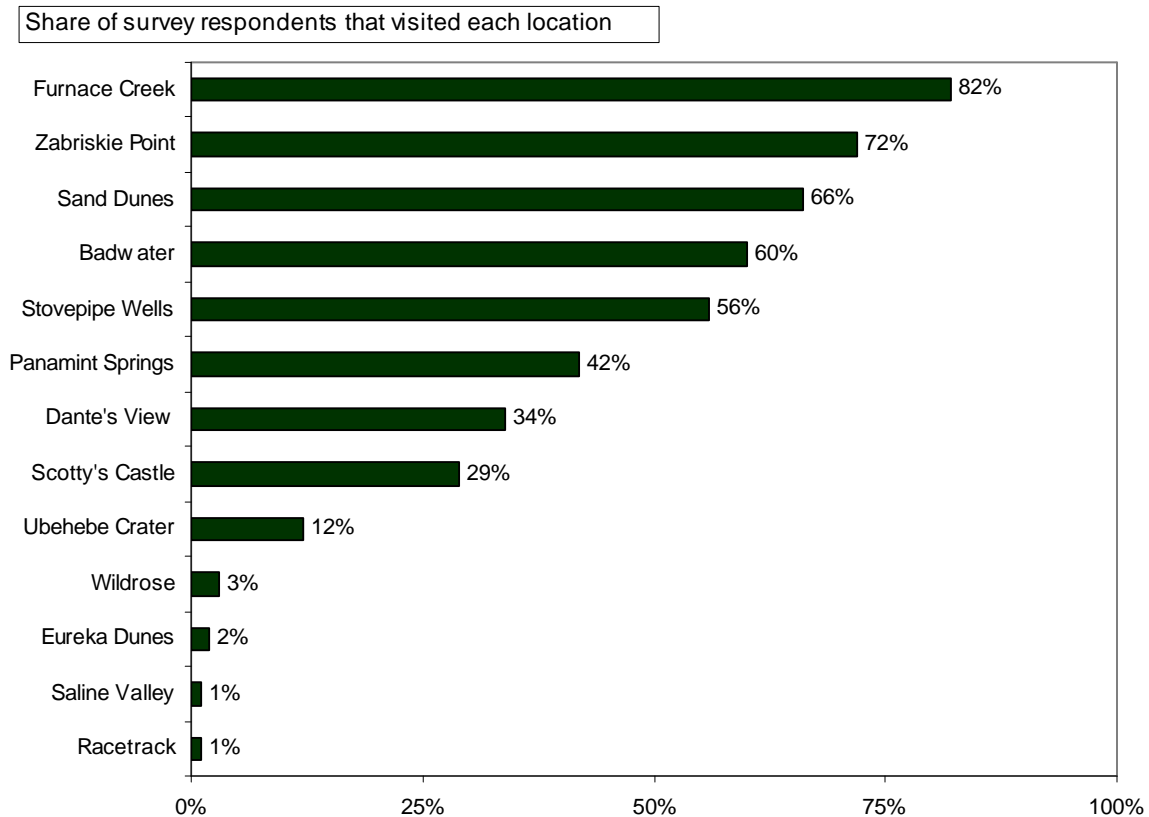
Park Attractions

The concession facilities are located at some of the top locations visited in the Park. A 1996 survey that measured the most popular attractions found Furnace Creek was the most popular



attraction (82 percent), followed by Zabriskie Point (72 percent) and the Sand Dunes (66 percent). The Sand Dunes are the most popular natural attraction near the Stovepipe Wells Village. Stovepipe Wells is primarily a concession area that was visited by more than half of the respondents. Though Scotty's Castle has limited tour capacity that can generate long wait times, 29 percent of respondents visited the Castle, one of the more remote Park attractions.

Exhibit 3 Locations Visited



Source: Death Valley National Park Visitor Survey – Fall 1996

Regional Market Area

The location of Death Valley National Park in the southwest region of the United States enables the Park to benefit from several feeder markets. Death Valley is located mostly in California along the Nevada border, north of Interstate 15, the main artery between Las Vegas and Los Angeles. Clark County in Nevada and the California counties of San Bernardino, Riverside, Orange, and Los Angeles are within a six-hour drive of Stovepipe Wells Village (an approximately 210-mile radius). The combined population of these counties, over 17 million people, represents a substantial base of regional demand. In addition, the Park is popular with international visitors who visit during the summer months, counterbalancing the period when the domestic segment tends to avoid the intense heat of summer. In Exhibit 4, the blue line outlines a six-hour drive time from Stovepipe Wells Village and the green line traces the route to McCarran International Airport in Las Vegas from Stovepipe.



Exhibit 4 Six-hour Drivetime Zone



In the long term, visitation at Death Valley National Park is expected to increase as a result of strong population growth in Southern California and Nevada and continued popularity as a drive-to destination for residents of these areas. The population increases will also drive increased visits to the area from family and friends of the new arrivals. Woods & Poole Economics, Inc., (“Woods & Poole”) an economics forecasting company, predicted the counties nearest to the Park, excluding Los Angeles and Inyo, would outpace U.S. growth between 2000 and 2010. In fact, population growth rates from 2000 to 2010 in San Bernardino, Riverside, Clark and Nye counties are expected to be more than double national growth rate of 10.4 percent. This growth is in addition to the above-average growth experienced by these counties in the last decade. For example, Clark County is expected to grow another 34.4 percent in addition to the 84.3 percent increase it experienced from 1990 to 2000. In Clark County, the 2010 population is expected to be almost 150 percent higher than the 1990 level. The nearby states also enjoyed growth in the same period, 1990 to 2000. The U.S. Census Bureau ranked the states of Nevada, Arizona, Utah, and California first, second, third, and eighteenth respectively, for percentage increase of population.

Visitors from the surrounding region, particularly Southern California, account for much of the lodging demand during the winter months at Stovepipe Wells. Many of these visitors are repeat visitors that come to the Park once a year to hike or to spend time with other family members on a short vacation. Holiday periods such as Thanksgiving and Christmas, and three day weekends in the winter are particularly popular periods with these repeat visitors, and typically sell out in advance.



Local Market Area

Death Valley National Park is bounded by Inyo County in California and Nye County in Nevada. The area offers opportunities for desert and mountain outdoor recreation and appreciation of the scenic beauty of wilderness areas and natural landscapes. These outdoor opportunities, coupled with the Park's proximity to population bases in southern California and Las Vegas, account for much of the area's popularity as a tourist destination. In addition, the area offers Native American culture; local communities; museums and events.

Counties

Inyo County in California and Nye County in Nevada, the two counties enveloping the Park, do not have a significant influence on the demand for concession services at Stovepipe Wells and Scotty's Castle. County residents generally do not stay overnight at Stovepipe Wells Village hotel, do not drive into the Park to eat at Toll Road restaurant or Scotty's snack bar and do not exist in sufficient numbers to generate a significant amount of visitation from friends and relatives.

The economic impact of Clark County is far more significant to the Park than the few small communities surrounding Death Valley. Clark County residents often make day trips to the park, utilizing all visitor services, with the exception of lodging. The recent population and household income growth of Clark County positions it to function as a healthy local feeder market for Death Valley. According to Woods & Poole, the county experienced an 84.3 percent increase in population between 1990 and 2000. Household income increased at a compound annual growth rate ("CAGR") of 4.1 percent from 1990 to 2000. The Clark County population, as indicated by median household income, is wealthier than the U.S. population.

Las Vegas

Las Vegas is important to Death Valley National Park because the airport is a significant gateway for visitors who choose to fly to the vicinity of the Park, a significant percentage of Park visitors reside in the area and some Las Vegas visitors take side trips to Death Valley.

McCarran International Airport in Las Vegas is approximately 150 miles from Stovepipe Wells Village and the closest major airport to the Park.

Given that many Park visitors reside in the Las Vegas area, the positive growth forecasts for the Las Vegas area are beneficial indicators for Death Valley visitation. According to Economy.com, the population is expected to grow approximately four percent between 2002 and 2005 and employment growth should remain above the national average.

In 2002, visitation was 0.2 percent below 2001 levels and 2.2 percent below 2000 levels. These recent drops have reversed a trend of growing visitation to the Las Vegas area. From 1972 to 2002, Las Vegas visitation increased at a CAGR of 5.1 percent as reported by the Las Vegas Convention and Visitors Authority ("LVCVA"). More recently, visitation increased at a CAGR of 4.8 percent between 1992 and 2002.

The reduced willingness of Americans to travel by air following the terrorist attacks of September 11 affected visitation levels. Historically, approximately 50 percent of all visitors arrive by plane. LVCVA reported that total enplaned and deplaned air passengers decreased 0.5 percent from 2001 levels and 5.0 percent from 2000 levels, though passengers in the smaller

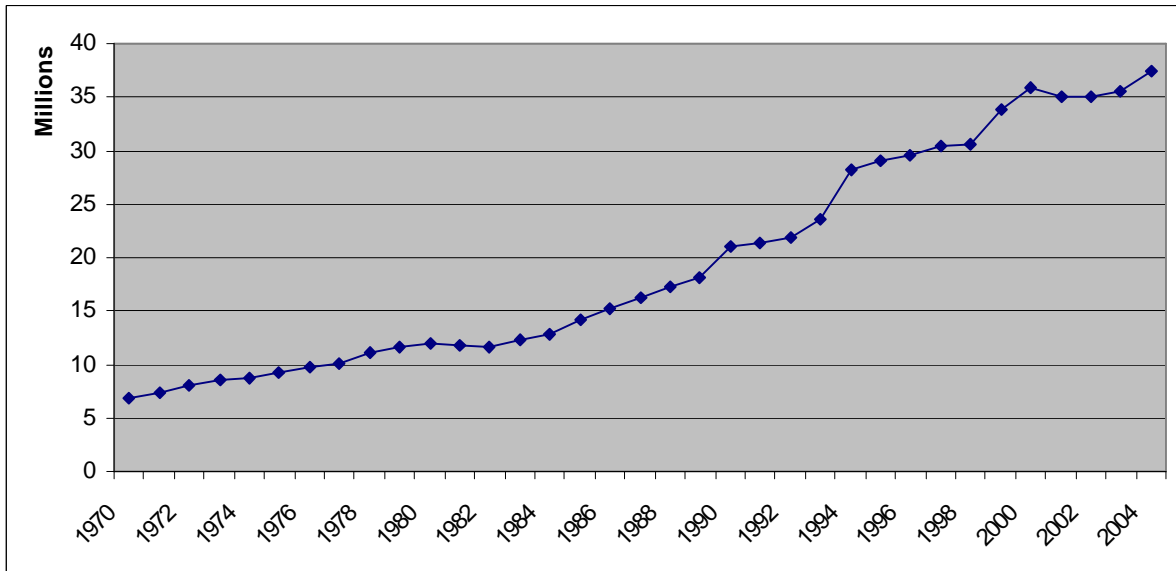


charter and international segments increased from 2001 by 3.5 percent. Clark County lodging occupancy decreased 5.0 percent and 0.7 percent from 2000 and 2001, respectively.

Reduced international visitation to the U.S. after the terrorist attacks of September 11 has also hurt the Las Vegas tourism industry. Historically, international visitors have comprised between 12 and 16 percent of total visitors to Las Vegas.

The following graph displays visitation from 1970 to 2004.

Exhibit 5 Las Vegas Visitor Volume – 1970 to 2004



Source: Las Vegas Convention and Visitors Authority

Each year LVCVA conducts a Las Vegas Visitor Profile Study that provides insight into the “typical” Las Vegas tourist and trends in tourism-related activities. In 2001, the average length of stay for visitors to Las Vegas was three to four days, over 23 percent planned to visit nearby attractions and over 60 percent traveled to Las Vegas for leisure and vacation. Approximately 12 percent of visitation was generated from convention demand.

Demand Segments

While it is important to understand where Death Valley is situated relative to potential demand, it is perhaps more important to understand the typical visitor profile and the current demand segments.

Regional NPS Visitor Profile

In June 2001, the National Park Service undertook a comprehensive survey of the American public to understand its perception of the NPS. The information is organized by the seven regions of the NPS and provides insight on regional visitor characteristics. The *NPS Comprehensive Survey of the American Public* identifies the average visitor frequenting National Parks in the Pacific West region is very similar to the average visitor frequenting all National Parks. The average visitor is married and between the ages of 22 and 44 years old. Most work



full-time and have some college-level education. Approximately 35 percent of the population reported income between \$50,000 and \$99,000. Roundly 60 percent of the households do not have any children under the age of 18, while an additional 16 percent have one child under 18.

Multiple National Park Visitor Segment

Death Valley hosts many visitors, domestic and international, who visit multiple national parks and recreation areas in California and the southwestern U.S. on the same itinerary. In a 1996 visitor study, 89 percent of the returned surveys indicated the Park was one of multiple vacation stops. One hundred twenty-four of 805 respondents listed another National Park as the previous stop or the next stop on their vacation. For instance, 41 of 805 respondents listed Yosemite NP as their last stop before visiting Death Valley, while Zion, Sequoia, Grand Canyon, Bryce Canyon and Mojave National Preserve were mentioned at least twice for a total of 19 respondents. The possible combinations of parks and sites of interest within driving distance of Death Valley are numerous and depend on starting and end points. Park officials describe a frequent itinerary as starting in Las Vegas passing through Death Valley to Yosemite and finishing in San Francisco (or in the reverse order). Another common itinerary includes a visit to Grand Canyon National Park with Phoenix as a possible terminal. The following list of nearby National Parks and Recreation Areas could be included in a multiple national park system itinerary.

Exhibit 6 National Park and Recreation areas proximate to Death Valley NP

National Park Service Site	Location
Bryce Canyon National Park	Bryce Canyon, UT
Devils Postpile National Monument	Mammoth Lakes, CA
Grand Canyon National Park	Grand Canyon, AZ
Great Basin National Park	Baker, NV
Hoover Dam National Historic Landmark	Boulder City, NV
Joshua Tree National Park	Twentynine Palms, CA
Lake Mead National Recreation Area	Boulder City, NV
Manzanar National Historic Site	Lone Pine, CA
Mojave National Preserve	Barstow, CA
Pinnacles National Monument	Paicines, CA
Red Rock Canyon National Conservation Area	Las Vegas, NV
Santa Monica Mountains National Recreation Area	Thousand Oaks, CA
Sequoia and Kings Canyon National Park	Three Rivers, CA
Toiyabe National Forest	Pahrump, NV
Yosemite National Park	Sierra Nevada, CA
Zion National Park	Springdale, UT

Source: National Park Service

Given the large number of national parks, monuments and recreation areas near Death Valley, there is great potential for the concessioner operating under the new concession contract to further develop the market segment interested in visiting multiple parks on the same itinerary.

Group Segment

Several other categories of Park visitors are also sources of visitor services demand, especially lodging, at establishments in the area; these categories include car testing crews, film crews, and leisure and recreation groups. Many of these travelers use lodging facilities other than Stovepipe Wells, in some cases because other facilities offer lower prices or more suitable amenities. Stovepipe Wells management reports that approximately 10 percent of lodging demand at



Stovepipe Wells is attributable to groups. In many cases Stovepipe Wells has certain advantages relative to other in-park or out-of-park facilities, and with appropriate dedicated marketing attention, it is possible that Stovepipe Wells could improve its market share of such business.

A number of automobile companies use roads that pass through Death Valley during tests on new car models that are close to production release. Towne Pass, which is west of Stovepipe Wells, is a key location for such tests, as it provides the opportunity to drive the cars at steep grades during extremely hot weather. These groups are typically in the area conducting tests during periods in June, July and August. Based on market interviews, it appears that many testing teams stay in Beatty or other communities outside the park because rooms have phones, lodging rates are lower and more dining and entertainment options are available. However, Stovepipe Wells is significantly closer to Towne Pass, and may be able to attract some business from this segment because it is reported that some test driving teams would prefer to spend less time traveling to Towne Pass to free more time for testing.

Death Valley has become known in the film industry as a location for filming commercials and movies. NPS reports arranging 61 permits for crews wishing to film in the park during the fiscal year that ended September 2001, an increase from the 55 permits issued in the fiscal year that ended September 2000. According to NPS, many of these film crews are in the Park for two to three days, typically staying at Furnace Creek Ranch or the Furnace Creek Inn, if less price sensitive. More focused marketing efforts by Stovepipe Wells management could attract an increased share of this business and attract additional film groups to the area.

Other leisure and recreational groups that travel to Death Valley represent a source of lodging demand. For example, Stovepipe Wells typically hosts a number of photography groups, which are attracted by the property's close proximity to the Sand Dunes visitor attraction and tend to stay longer than the average lodging guest. Other groups include bus tours, weddings, bicyclists, motorcyclists, and horseback riding groups.

International Segment

International visitors are an important segment of Park visitation. A favorable outlook for international travelers to the U.S. should increase visitation to Death Valley because recent decreases in Park visitation can be partially attributed to decreased number of international visitors. This trend reflects the decreased popularity of the United States as a tourist destination for international travelers. Reasons for the decreased popularity include fear of additional terrorist attacks on American soil, weak purchasing power due to a strong dollar through the end of 2002, a global recession and more recently, fear of inhospitable treatment by Americans to nationals of traditional allies that did not support the war in Iraq.

Death Valley has suffered severely because Las Vegas' McCarran International Airport is a significant gateway for international visitors and the Park is a popular attraction for international visitors. Officials at Death Valley estimate that prior to the terrorist acts of September 11, 65 percent of park visitors in the summer months were international. While domestic visitors shy away from the Death Valley summer heat, many international travelers cite the opportunity to visit one of the hottest places on earth as an important reason to visit the Park.

The Office of Travel and Tourism Industries ("OTTI"), a unit of the U.S. Department of Commerce, reported that 8.6 million international visitors to the U.S. in 2002 were Europeans and 5.7 million were Asians, or 45.0 and 29.8 percent, respectively. OTTI has forecast that



spending by international visitors to the U.S. will increase from \$88 billion in 2002 to \$115 billion in 2006, greater than a 30 percent increase in four years (6.9 percent CAGR). The 51 million visitors projected to arrive in 2006 will surpass the previous high-water mark experienced in 2000. OTTI predictions, which cover arrivals from over 30 individual countries, expect Sweden and Finland to rebound the fastest with roundly 30 percent increases by 2006. Recent changes in visa approval procedures may have detrimental effects on this forecast.

Exhibit 7 Top Ten Inbound Overseas Markets to the U.S. Ranked by 2002 Visitors

	Rank Order in 2002	2000	2001r	2002r	2005p
1	United Kingdom	4,703	4,097	3,817	4,477
2	Japan	5,061	4,083	3,627	4,076
3	Germany	1,786	1,314	1,190	1,336
4	France	1,087	876	734	822
5	Korea	662	618	639	708
6	Australia	540	426	407	449
7	Italy	612	472	406	484
8	Brazil	737	551	405	453
9	Venezuela	577	555	396	407
10	Netherlands	553	412	384	454

“r” indicates revised estimate, “p” indicates forecast

Source: U.S. Department of Commerce, ITA, Office of Travel & Tourism Industries & Global Insight, May 2003

The Park does not collect country of origin data on a routine basis. However, the importance of international visitors to the Nevada and California tourism industries can be used as a proxy for the importance of international visitors to the Park. OTTI reported that in 2002 seven percent of all overseas visitors (overseas visitors exclude Canada and Mexico) and nine percent of leisure visitors had Nevada on their itinerary, while 21 percent of all overseas visitors and 20 percent of leisure visitors included California on their trip. One illustration of Las Vegas’ popularity with international visitors is that Nevada and Las Vegas have a 15 percent share of French arrivals according to an estimate by the Las Vegas Convention and Visitors Bureau.

Park Visitation

Due to the Park’s size, there are multiple entrances to the Park. Visitors are required to pay an admission fee; however, the Park does not have gates at each entrance. There are Ranger information stations that sell entrance stickers along Highway 190/Townes Road, Grapevine and Daylight access roads. Some automated ticket machines are also available. The Park does employ a Compliance Ranger to spot check vehicles for day and annual passes and has begun to install additional automated fee machines.

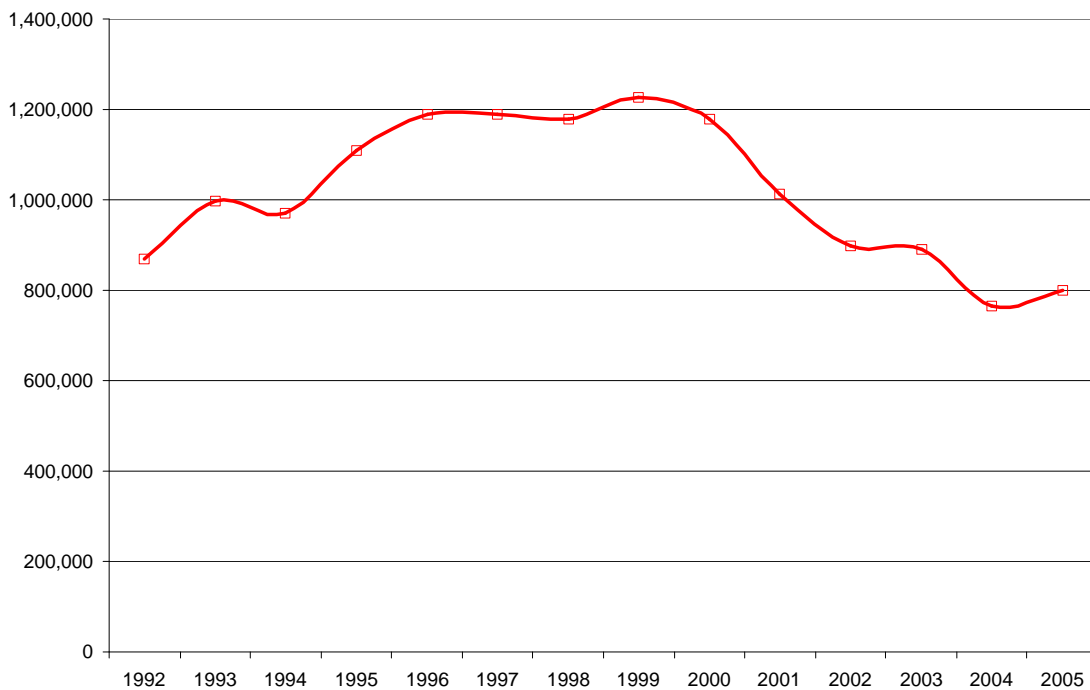
The National Park Service uses specific reporting procedures to collect public use data. The information is categorized as recreation visits, non-recreation visits, recreation visitor hours, non-recreation visitor hours, overnight stays, or special use data. There are various conversion factors for each data category to reflect visitation levels. Recreation visits are defined as entries of persons onto lands administered by the NPS, except non-recreation and non-reportable visits. Non-recreation visits are typically identified as individuals traveling through Death Valley



National Park on business and represent less than four percent of total visitors. More information on public use data is available at www2.nature.nps.gov/stats/.

Recreational visitation peaked at 1.23 million visitors in 1999 and, in 2002, dropped below 900,000 for the first time since 1992. Analyzing results over the past five years provides insight on general visitation patterns. Since 1999, recreational visitation decreased 9.9 percent annually. Including years before 1999 mitigates the effect of recent events, but including data from 1998 and 1999 still shows a 5.6 percent compounded annual reduction rate due to decreases in total visitation from 2000 to 2002. The economic slowdown and the overall tourism drop-off, especially from international visitors due in part to the effects of the terrorist attacks of September 11 and a strong dollar, are believed to be responsible for declining visitation in these years. Atypical road closures in 2004 were the proximate cause of a further decline that occurred during that year. The park rebounded from this recent low in 2005.

Exhibit 8 Park Recreational Visitation



Source: National Park Service



Park officials record the location that vehicles enter the Death Valley National Park. Based on the point of entry, assumptions about the origin of the vehicle and its path and destination inside the Park can be made. Daylight Pass is the entrance to the Park from Beatty and the nearest entrance to Stovepipe Wells. A lower percentage of visitors' vehicles entered here in 2002 (11.9 percent vs. 14.1 percent over the previous five years), although the reasons are not clear. Park visitors that enter at Towne Pass (near Panamint Springs) must pass Stovepipe Wells if traveling to Scotty's Castle or the Furnace Creek area. The vehicle count on Towne Pass was down 17.2 percent in 2002 year-over-year and a smaller percentage of park visitors entered there compared to the five-year average (29.0 percent vs. 31.2 percent). The Ryan entrance is just southeast of Furnace Creek. Visitors entering there will pass Furnace Creek on their way to most points west and north. Visitors entering here with itineraries including only attractions in the southeastern region of the Park, such as Zabriskie Point, Twenty Mule Team Canyon, Artists Palette, Badwater and/or Dante's View, do not need to pass north of Furnace Creek. Vehicle traffic at the Ryan entrance has been stable, averaging 42.3 percent in the last five years. Access road vehicle counts for the years 1998 to 2002 inclusive are listed in Exhibit 9.

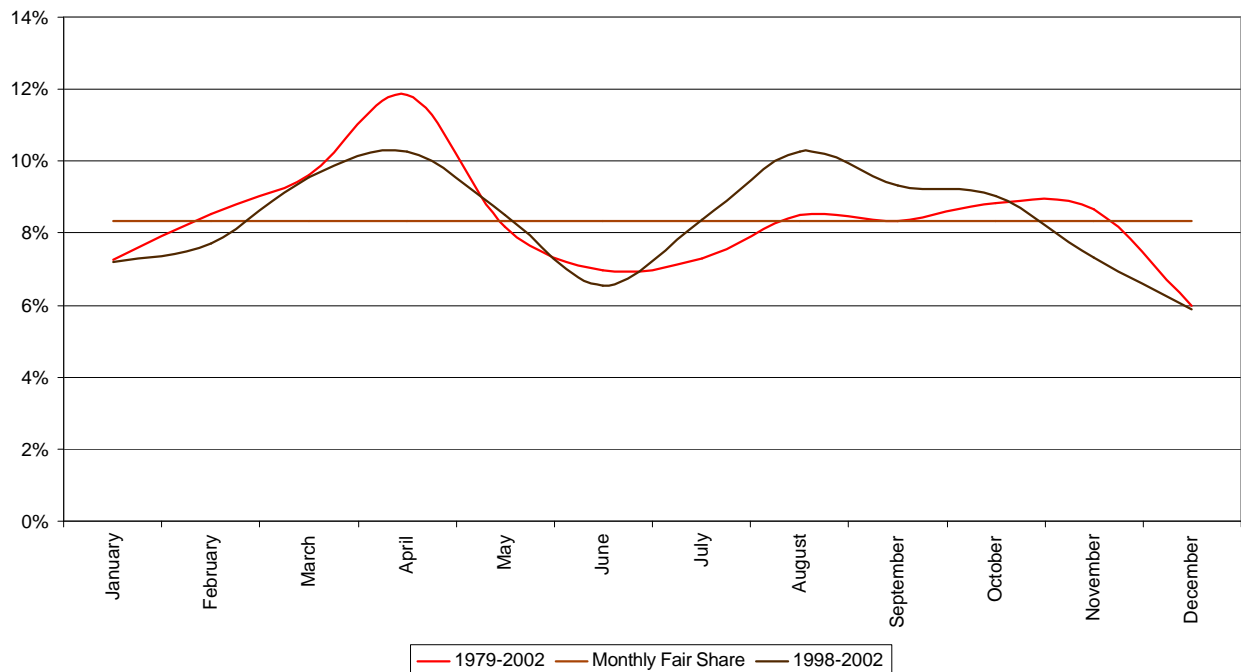
Exhibit 9 Access Road Vehicle Counts 1998 to 2002

Access Road	1998	1999	2000	2001	2002	2002 Share	Average Share
Big Pine	2,003	1,361	1,636	1,800	2,269	0.8%	0.5%
Daylight	56,946	54,991	52,675	47,225	34,649	11.9%	14.1%
Grapevine	9,947	8,689	11,063	11,840	5,865	2.0%	2.7%
Ryan	158,121	166,186	160,722	128,935	124,719	42.8%	42.3%
Wildrose	5,572	9,254	9,302	9,185	12,271	4.2%	2.6%
Ashford	20,333	20,124	20,545	21,705	23,149	8.0%	6.1%
Townes	123,265	125,239	111,230	101,770	84,296	29.0%	31.2%
Salaine Valley	1,164	1,069	864	930	3,850	1.3%	0.5%
Total	377,351	386,913	368,037	323,390	291,068		
Percentage Change	-0.7%	2.5%	-5.1%	-13.8%	-11.1%		

Source: Death Valley National Park

The Park is open to the public year-round; however visitation is seasonal. One of the peak seasons occurs in the spring during March and April while the other peak season occurs in August (partly due to an ultra-marathon) and September. One of the two off-peak seasons occurs in two of the three hottest months – June and July, and the other off-peak season occurs in December and January. Exhibit 10 shows average monthly visitation share for two periods – 1979 through 2002 and 1998 through 2002. The horizontal line is the monthly share assuming all months have equal days and an absence of seasonality.



Exhibit 10 Monthly Visitation Shares

Source: Death Valley National Park

Local Visitor Services

Visitors to Death Valley require many services. The Park concessioner, in-holding operators and private enterprises in surrounding communities provide most of these services. Some visitor services include lodging accommodations, campgrounds and RV parks, restaurants and lounges, retail, fuel service, and tours.

Access to the Park occurs on a number of roads located along the Park perimeter, generating a variety of lodging options for Park visitors. In other words, Park visitors are not all focused on staying in one particular location, or on having one particular park experience. Even among the sub-set of Park visitors who plan to stay overnight at a hotel or motel, there is a spectrum of users. As a result, in-park and out-of-park lodging, dining and retail facilities are both widely used by Park visitors, with particular choices depending on individual desires. Understanding the availability of services in other local markets is important, but some visitors do not view other facilities as direct competitors or even directly comparable.

Several factors encourage visitors to seek services within the Park. Limited familiarity with the Park and the surrounding area is one factor that contributes to the popularity of in-park lodging. Visitors planning a trip to the Park may not be aware of communities outside the Park that offer lodging alternatives and may think that staying inside the Park is the only option. In addition, most of the lodging found outside the Park is not affiliated with major brands, which produces skepticism regarding the quality of the accommodations and bill of fare.



The approximate distances to various locations inside and outside the Park are listed in Exhibit 11 as a reference for evaluating the competitive supply of accommodations and restaurants.

Exhibit 11 Approximate Distances to Various Locations from Stovepipe Wells Village

Inside Death Valley	Miles	Km.
Furnace Creek	139	224
Panamint Springs	30	49
Scotty's Castle	42	68
Mesquite Spring	46	74
Thorndike	40	64
Ashford Mill	69	111
Dantes View	48	78
Wildrose	32	52
Outside Death Valley	Miles	Km.
Beatty	34	55
Death Valley Jct.	55	88
Amargosa Valley	63	102
Trona	73	118
Olancho	76	122
Lone Pine	81	130
Shoshone	82	132
Independence	96	155
Ridgecrest	97	156
Pahrump	107	173
Big Pine	123	198
Baker	138	222
Bishop	138	223
Las Vegas, NV (via Amargosa Valley)	151	243
Barstow	169	272
Bakersfield	201	323
Los Angeles, CA (via Olancho)	262	422
Zion Nat'l Park, UT	295	475
Reno, NV	365	587
Phoenix, AZ	438	705
Salt Lake City, UT	570	917

Source: National Park Service

Lodging Supply

Understanding the local accommodations supply puts the number of rooms at Stovepipe Wells in perspective. Visitors to the Death Valley National Park seeking hotel or motel accommodations, as opposed to camping or recreational vehicle (“RV”) facilities, have a number of options. The three sub-markets to consider are: Death Valley National Park; communities in Inyo County, California; and communities in Nye County, Nevada. The following section summarizes the characteristics of in-park and outside markets.



Death Valley National Park Lodging Supply

Four lodging facilities (including Stovepipe Wells Village) are operated within Death Valley National Park. Each of these facilities offers a mix of room types, typically including a combination of motel-style buildings and lodge rooms. Each facility offers at least some units that accommodate as many as four guests, and in some cases more. At times during the summer season, the Furnace Creek operations close and Stovepipe Wells significantly reduces operations.

In the Park, there are two in-holdings: one at Furnace Creek and one at Panamint Springs. An in-holding is a privately owned property contained within the boundary of a National Park.

- **Furnace Creek.** The Furnace Creek Inn is an elegant 66-unit hotel boasting a non-smoking policy for all rooms and amenities such as refrigerators, decks or terraces, data port telephones and terry cloth robes. There are multiple room types with daily rates more than double those offered at Stovepipe Wells Village. The Furnace Creek Ranch is a 224-unit hotel with three primary room types – all with telephones. This facility is open all-year, offering room rates that are generally between those at Furnace Creek and Stovepipe Wells Village.
- **Panamint Springs.** The Panamint Springs Resort, located 31 miles west of Stovepipe Wells, has 14 rooms and one cottage. The hotel has one-, two- and three-bed rooms available at rates of \$79, \$94, and \$109 respectively. Pets are allowed for a five dollar charge.

Outside Lodging Supply

As well as using those inside the Park, visitors use services in many communities outside the Park including:

- **California:** Death Valley Junction, Shoshone, Baker, Trona, Ridgecrest, Olancho, Independence and Lone Pine.
- **Nevada:** Beatty, Amargosa Springs, Pahrump, Las Vegas, Tonopah and Goldfield.

The Lone Pine area, including Independence to the north and Olancho to south, has 325 guestrooms. Other California communities have the following rooms supplies: 25 rooms in Shoshone and 683 rooms in Ridgecrest.

Beatty, located along the eastern border of Death Valley National Park, and neighboring Amargosa Springs offer a total of 358 guestrooms. Beatty, with a population of 805 in 2000, is the closest community to Stovepipe Wells Village. Daily room rates at these facilities are typically less than \$50. Among recreational visitors, these properties are attractive to cross-section of travelers - price-conscious, business, and amenity-seekers. Other Nevada communities have the following rooms supplies: 318 rooms in Pahrump and 353 rooms in Tonopah and Goldfield. Las Vegas, although farther away, is the origin of many day trips and offered approximately 127,000 available rooms as of December 2002. Between 2003 and 2005, Las Vegas room inventory is anticipated to increase by approximately 8,300 rooms.

Campground (Recreation Vehicle Site) Supply

Many park visitors are recreational vehicle (“RV”) owners. The National Park Service operates nine campgrounds with approximately 1,500 campsites of which 14 are RV sites, maintaining



various operating calendars and amenities. The individual campgrounds are listed in the following table.

Exhibit 12 Death Valley Campgrounds

Campground	Number of Sites
Emigrant	10
Furnace Creek	136
Mahogany Flat	10
Mesquite Spring	30
Stovepipe Wells	190
Sunset	1,000
Texas Spring	92
Thorndike	6
Wildrose	23
Total	1,497

Source: National Park Service

Within the Park, most RV campgrounds provide the traveler with modest amenities of electrical and water hook-ups and restroom facilities, eschewing the fitness centers, convenience shops, and mini-golf courses offered at some resort RV parks outside the Park. In addition, 23 RV trailer villages with over 600 sites have been identified in the communities near Death Valley National Park. These trailer villages range from basic pull-through sites to upscale resorts.

Recreational Vehicle Market Trends

Trends in the RV industry may affect the types of services the Park may offer to attract overnight visitors, especially given California's position as one of the top four states in RVs bought and sold (California, Texas, Florida and Michigan account for more than 25 percent of national RV sales).⁴

It is important to understand the demographics of RV owners because the RV parks at Death Valley National Park drive some domestic visitation. Approximately one in every 15 households owned an RV according to the Recreational Vehicle Industry Association ("RVIA") and Woods & Poole estimates. If households that do not own vehicles are excluded, the RV ownership ratio increases to approximately one in every 12 U.S. households. According to a study released in 2002 by the University of Michigan on behalf of RVIA, a typical RV owner is 49 years old, married, and has a family income of \$56,000 -- slightly higher than the median family income. The highest ownership rates were among upper-middle income households. The core market is the over 55 years old segment in which nearly 10 percent of households owns an RV. In the four years preceding the survey, ownership has increased the fastest among 35 to 54 year olds, the baby boomer market. RVIA studies indicate 8.9 percent of households aged between 35 and 54 own an RV, an increase of 0.5 percent over the last four years.

⁴ <http://www.insurancejournal.com/magazines/west/2000/05/01/features/21668.htm>



Food and Beverage Supply

Given the physical isolation and extreme temperatures which make food preservation difficult, many Park visitors choose to rely on the food services offered in the Park and nearby communities. Most visitors choose from dining options close to their accommodations. Therefore, the primary sources of demand for restaurant services at Stovepipe Wells and Scotty's Castle include:

- overnight guests at Stovepipe Wells;
- overnight guests at the nearby campground;
- motorists traveling on CA-190; and,
- guests at Scotty's Castle.

Toll House, a three-meal per day table service restaurant, and the snack bar are the most convenient dining options for visitors at Stovepipe Wells and Scotty's Castle, respectively.

In-Park dining options besides Toll House restaurant at Stovepipe Wells Village and the snack bar at Scotty's Castle are:

- **Furnace Creek:** The Furnace Creek Inn ("Inn") has the only fine dining menu in the Park, the Dining Room. The Dining Room at the Inn serves three meals daily, enforces a "casually elegant" dress code in the evenings and requires reservations. In addition, the Inn has a pool bar for the exclusive use of Inn guests. The Furnace Creek Ranch offers three restaurants – a steakhouse with buffet, a coffee shop and a lounge. The Wrangler Steakhouse offers an all-you-can-eat buffet at breakfast and lunch, and full-menu, table service at dinner. The Forty-Niner Café, a family-dining establishment, features a Western-themed American menu available for three meals a day. The Corkscrew Saloon offers a limited menu of bar foods such as pizza and quesadilla. During the day, the 19th Hole bar-and-grill prepares burgers and sandwiches.
- **Panamint Springs:** The restaurant is open for three meals year-round. The restaurant features a menu of barbequed items and a full bar. The porch is open for service during the summer.

Dining options outside the Park are plentiful.

- **California:** Lone Pine lists nine restaurants on the Chamber of Commerce website, two of which are quick service national brands. Ridgecrest, southwest of the Panamint Springs, offers the most dining options on the California side with 13 establishments, seven of which are franchises of nationally recognized casual or quick service chains. Olancho lists one restaurant while farther afield, Bishop, Trona and Big Pine list eleven, four and three restaurants, respectively.
- **Nevada:** Pahrump, southeast of the Death Valley Junction entrance, lists 16 restaurants, four of which are quick-service franchises. Beatty offers a limited selection of casual and quick service restaurant and a few bar options. Amargosa Valley (Lothrop Wells) and Shoshone list two and one restaurants, respectively. The restaurant supply in Las Vegas is as extensive as the hotel inventory. The Las Vegas Convention and Visitors Bureau noted 635 restaurants, of which 333 were located on the "Strip".



Retail Supply

Retail goods are available at a number of places in the communities surrounding the Park, and gift shop items related to Death Valley National Park are available at a variety of stores in the Park. The particular competitive advantages held by the gift shops and general store at Stovepipe and Scotty's stem from the overnight guest base at Stovepipe Wells Village and at the nearby campgrounds, and from the attractiveness of Scotty's Castle as a day-trip destination.

The gift shop and general store are convenient shopping opportunities for guests and motorists alike. The gift shops offer a number of items specifically related to Park scenery and local Native American culture. Purchases made at such a location may carry more value in the minds of buyers, because they are part of the experience, than purchases of similar items at a shop elsewhere.

Service Station Supply

The service stations at Stovepipe Wells and Scotty's Castle offer convenient locations for Park visitors to refuel. The gasoline sold at these locations is unbranded, which may affect the demand because motorists often consider gasoline a credence purchase.

Other in-Park service stations can be found at Furnace Creek and Panamint Springs. The service station at Panamint Springs opened in June 2002 and offers the Shell branded gasoline.

Compliance with Federal, State, Local Laws, and Park Jurisdiction

Death Valley National Park operates under proprietary jurisdiction. National Park Service rangers holding federal law enforcement commissions conduct law enforcement in and around Stovepipe Wells Village and Scotty's Castle.



EXISTING CONCESSION OPERATION

The existing concession operations are operated by Xanterra Parks & Resorts Inc. and currently consist of two separate concession contracts. Located near the center of the Park, Stovepipe Wells Village offers the visitor an opportunity to experience the vast beauty of the Park. In addition to Stovepipe Wells, the contract includes concession operations at Scotty's Castle, a private estate that was acquired by the Park Service in 1970. The operations are positioned to attract a mid-scale, family-oriented clientele and offer the following services:

Exhibit 13 Required Services

Lodging operations at Stovepipe Wells
Operation of the Toll House restaurant and Badwater Saloon
Gift shop and general store in the Stovepipe Wells area
Snack bar and gift shop at Scotty's Castle
Sale of gasoline at Stovepipe Wells and Scotty's Castle

Exhibit 14 Authorized Services

Internet access
Special event catering

Operations at Stovepipe Wells have experienced an increase since reaching a low in 2002, although road closures in 2004 caused a modest decline over 2003, with a significant rebound in 2005. Revenue at Scotty's experienced the same modes decline in 2004 due to the anomalous reduced visitation, but rebounded in 2005. Revenue appears to follow visitation levels so additional revenue growth is expected as park attendance levels continue to grow barring unforeseen events. The concessioner employs a fiscal year basis that ends near the end of December. During fiscal year 2005, Stovepipe Wells and Scotty's Castle generated \$5.04 million in total revenue, of which the lodging department generated \$1.62 million, or 32.2 percent. During the past six-year period, combined total revenue for Stovepipe Wells and Scotty's has ranged from \$4.14 million to \$5.04 million. Opportunities for additional revenue growth include increasing business during off-peak and shoulder season periods, modifying the food and beverage concept at Scotty's Castle, increasing the market penetration of the Toll House restaurant at Stovepipe and the three retail outlets, and being operationally prepared for expected growth in visitation to the region.

Lodging

The Stovepipe Wells Hotel is an 83-unit mid-scale lodging facility spread across six different buildings. For visitors who prefer to stay in the Park the hotel is a low cost alternative to the in-Park lodging at Furnace Creek. The property's room mix includes twin, king and double beds. Guestrooms are moderately appointed and amenities include air conditioning and private bathrooms. Telephones are not available in guestrooms. Potable water is available at several locations on the property and in all guestrooms. The hotel also has a 75-person capacity



conference room with audio/visual capabilities, and business services such as facsimile. The property has an outdoor pool for the enjoyment and refreshment of guests. Pets are allowed.

Housekeeping service is provided daily and the facility is open year-round. The hotel has the following room types (all are ground units):

- **Deluxe rooms (47 units):** These rooms are can have either king or double beds. They include TVs and small refrigerators. The rooms are appointed in a Western theme – details that include a wagon wheel headboard. These rooms are most popular with guests intending to stay for multiple nights because the rooms are larger and the refrigerator is useful. These rooms are located in the Forty-niner, Roadrunner and Tucki buildings.
- **Standard Rooms (28 units):** These rooms have double or twin beds and lack many amenities. These rooms are smaller than the deluxe rooms but larger than the patio rooms. The rooms do not offer televisions. These rooms are appointed with Western-themed headboards and can be found in the Panamint and Cottonwoods buildings.
- **Patio Rooms (8 units):** These are the smallest rooms, designed to accommodate only one or two people. Park officials report that these rooms are popular among short-stay guests. As with the standard rooms, these rooms do not offer TVs. The adjacent patios are ideal for small outdoor gatherings. These rooms also have Western-themed headboards and are located close to the reception area and across from the pool.

Front desk services for all of the room types are provided at a single front desk location in the reception building. The front desk is staffed from 6 A.M. to 1:30 A.M.

Campgrounds (RV Sites)

Stovepipe Wells offers 14 RV sites with full hook-ups and 190 RV sites in total. The RV sites are kept open year around, while the campground operates from October to April. The campground is maintained by the NPS, but the revenue collection and management of the RV sites is the responsibility of the concessioner. Four other NPS operated campgrounds in the Park remain open year round but camping effectively ceases in the hottest months.

The peak season for the RV campgrounds is January through April, although occupancy levels are estimated to be greater than 50 percent October through December. Management reported approximately 75 sellout nights per year. The maximum allowable stay is 14 days. Park officials report holiday weekends are high demand periods as RV vacationers, like other park guests, take advantage of the additional time to make the most of the drive time. The rate structure includes all utilities and water, trash pick-up, and sewer facilities.

Food and Beverage Services

The concessioner operates the Toll House restaurant, serving three meals a day except during Park-approved off-peak periods, as well as the Badwater Saloon at Stovepipe.

The 95-seat Toll House restaurant is located in a separate building on the Stovepipe property. Diners can order from the moderately priced menu at breakfast, lunch, and dinner; however, a buffet is sometimes used during peak times, such as holidays, and during times of lower demand (to reduce labor costs). The restaurant demand is generated from hotel guests and some park



guests as they traverse the Park. Occasionally, recreational flying clubs from the Las Vegas area land at the small airstrip and walk to the restaurant for lunch.

The Badwater Saloon is a 75-seat lounge, adjoining the restaurant and offering alcoholic beverages and light fare to its patrons. As is the case with the restaurant, the clientele is comprised of lodging guests and some passers-by. One bartender staffs the saloon during its evening operating hours.

The snack bar at Scotty's Castle today has seating for 75 diners. The current menu includes hot items such as hot dogs, French fries and chicken nuggets, cold sandwiches, and assorted packaged items such as cereal and chips. Customers can easily take these items away. Lunch is the most popular meal period. NPS tries to schedule bus tours before and after the peak lunch period to smooth demand and reduce customer wait times. The demand smoothing provides the concessioner a better opportunity to achieve high customer service satisfaction levels and to maximize facility revenue by reducing the number of people who choose not to wait because of long queues.

Retail Services

The 2,785-square foot general store at Stovepipe Wells offers general convenience items as well as food and beverage, including beer, wine, and liquor, clothing, and various outdoors supplies. General store hours are 7 A.M. to 9 P.M. Approximately 35 percent of the shelf space in the store is allocated to groceries, beverages and ice cream, and about 20 percent is clothing, primarily t-shirts and hats.

The Nuggett gift shop is located adjacent to the room used for guest registration in the lodge reception building. Shop wares include Native American handicrafts, printed materials, clothing and other souvenirs, many with an appropriate Death Valley theme.

The gift shop at Scotty's Castle is approximately 1,000 square feet and shares a single 6,450 square-foot building with the snack bar and employee housing. Guests can purchase from an assortment of souvenirs and mementos in addition to traveler's supplies. T-shirts, hats and postcards are the most popular items at the gift shop accounting for approximately 30 percent of shelf space. The selection also includes jewelry and Native American items.

Service Stations

The fuel services include four fuel pumps adjacent to the general store in Stovepipe Wells Village and two pumps at Scotty's Castle. One 12,000-gallon aboveground fuel tank services the pumps at Stovepipe, and is credit card accessible. One 12,000-gallon, single-walled steel, aboveground fuel tank services the pumps at Scotty's.

Fuel, oil and coolant are available at Stovepipe Wells and Scotty's. Stovepipe has four pumps and Scotty's has two pumps. Cashiers at the retail stores receive the fuel payments. The service stations purvey unbranded gasoline. Stovepipe service station hours are 7 A.M. to 9 P.M. (same as the general store). Scotty's service station currently closes at 5:30 P.M.



FUTURE OPERATIONS

The new concession contract will combine the contracts for the existing two concession contracts services and facilities at Stovepipe Wells and Scotty's Castle, as well as incorporate new services and facilities. The following chart details the comparison of existing and future required concession services.

Services

All of the existing services at Stovepipe Wells and Scotty's Castle will be required in the (combined) Draft Contract, with one exception. Food and beverage service at Scotty's Castle will be limited, and the existing snack bar food preparation equipment will be removed. As part of the proposal, the offeror will be asked to propose their new limited food service concept that will all but eliminate staffing requirements for food service at Scotty's Castle. Under authorized services, the only addition is the allowance for the addition of internet access and for special event catering. The required and authorized services to be provided are outlined below and descriptions of these services are provided in the following paragraphs. In case of any inconsistency between this chart and the Draft Contract, the Draft Contract shall prevail.

Essential operating and maintenance requirements for each of these required services are provided in the operating and maintenance plans which are exhibits to the Draft Contract.

Exhibit 15 Future Concession Services

Service	Status in Current Contract	Status in New Contract
Lodging/Overnight Accommodations		
Lodging Operations at Stovepipe Wells	Required	Required
Internet Access	Authorized	Authorized
Campground		
Manage Reservations for 24 RV (improved) sites	Required	Required
Internet Access	Authorized	Authorized
Food & Beverage		
Toll House Restaurant	Required	Required
Badwater Saloon	Required	Required
Snack Bar at Scotty's Castle	Required	N/A
Limited Food Service at Scotty's Castle	N/A	Required
Special Event Catering	Authorized	Authorized
Retail		
Gift Shop in Stovepipe Reception Building	Required	Required
General Store adjacent to campground	Required	Required
Gift shop at Scotty's Castle	Required	Required
Service Station		
Sale of Gasoline at Stovepipe Wells	Required	Required
Sale of Gasoline at Scotty's Castle	Required	Required

Source: Death Valley National Park, Concessions Management



Lodging

Under the new contract, the concessioner has the option to request a reduction in required number of rooms operated during periods of declining demand throughout the market. The request is subject to NPS approval. Under normal conditions, the reduced room count will not be permitted before Memorial Day weekend or after October 1.

Campgrounds

Under the new contract, the concessioner will be required to manage all full hook-up sites at the NPS campground at Stovepipe Wells. The campground operating requirements are outlined in the Operating and Maintenance Plans included with the contract.

The concessioner will be required to provide a 50 percent discount of camping fees (short term RV sites and RV sites) to holders of the Golden Age Passport and Golden Access Passports. Golden Age Passports are available for purchase at any National Park by U.S. residents 62 years or older. Golden Access Passports are available free of charge at any National Park to a U.S. resident who is permanently disabled or blind. Additional information on the management associated with these passes is provided in the Operating Plan.

Food & Beverage

Under the new contract, the concessioner will serve three meals a day at the Toll House restaurant during peak months, reducing this to two meals a day during the summer season. Additionally, the concessioner will operate continuously during the attraction hours at Scotty's Castle and open the Badwater Saloon each evening. Recorded annual tour attendance at Scotty's Castle has ranged from 75,000 to 90,000 visitors from 1998 to 2002. In addition, there is an unknown number of visitors to Scotty's grounds that do not take a tour, who are also potential food and beverage customers.

Due to the expected limited availability of concessioner housing at Scotty's Castle, the NPS is requiring the elimination of the snack bar food preparation equipment in favor of a limited food service operation. Offerors will be asked in Secondary Selection Factor 2, in the Proposal Package section, to propose a new concept that will eliminate the need for food service staffing.

Retail Services

Under the new contract, the concessioner will offer general merchandise and souvenirs. Specific categories of items that should be offered include: gifts representative of Park interpretive themes, Native American handicrafts, camping supplies, essential clothing, groceries, beverages and sundries. Receipts from sales of Native American handicrafts are excluded when determining National Park Service franchise fees.

Service Stations

Under the new contract, the concessioner will be required to operate the service station hours commensurate with Scotty's Castle. The concessioner will have the option of installing credit card-operated fuel pumps at Scotty's Castle in lieu of staffing the service station. The NPS has installed a new 12,000 gallon above-ground fuel tank with credit card dispensers at Stovepipe Wells. Gasoline taxes are excluded when determining National Park Service franchise fees.



CONCESSION FACILITIES IMPROVEMENT PROGRAM

Improvements will be required over the term of the new concession contract. The concessioner shall undertake and complete an improvement program (hereinafter referred to as the "Concession Facilities Improvement Program" or "CFIP"). This program is estimated to cost the concessioner no more than \$351,000 as adjusted for each project to reflect par value in the year of actual construction in accordance with the appropriate indexes of the Department of Labor's CPI-U Index, as published by the Department of Labor. The CPI-U Index is defined as the US Consumer Price Index - All Urban Consumers.

Exhibit 16 – Required Projects of the CFIP

PROJECT	ESTIMATED PROJECT COST UNINFLATED	ESTIMATED PROJECT COST INFLATED	START DATE	COMPLETION DATE
Deferred Maintenance	\$278,000	\$285,000	2006	2006
Design and construct ten additional RV hook-ups	\$64,000	\$66,000	2006	2006
TOTAL REQUIRED CFIP PROJECTS	\$342,000	\$351,000		

Source: Carter and Burgess, Krazan & Associates, Inc. and the National Park Service.

It is important to note the following in relation to the CFIP:

1. The concessioner is obligated to no more than the total maximum CFIP investment of \$351,000 in accordance with the Draft Contract. This value is reflected in constant 2006 dollars. However, the size, scope, and location of each project may change based on further planning and unforeseen circumstances.
2. Prices within the cost estimates are inflated to the anticipated start date of the project using a 2.5 percent inflation rate. Many of the details included in the cost estimates and project scopes are preliminary and may change based on further planning. However, the total investment of the CFIP will be required by the concessioner

The following paragraphs provide a description of the required CFIP components. Please refer to the previous exhibit for estimated project start and completion dates. Details on the necessary compliance issues are discussed in Exhibit F to the Draft Contract.

Deferred Maintenance

The facilities assigned to the concessioner at the commencement of the contract are generally older facilities with some maintenance issues that will need to be cured immediately. The concessioner will be required to spend no more than \$278,000 (constant 2004 dollars) within the first year of securing the contract to cure these issues. Provided below is a brief outline of *several* of the projects that would be envisioned. Immediately following the execution of the contract, the concessioner operating under the new concession contract and Park officials will coordinate a definitive plan to address any maintenance issues of an immediate nature as determined by the Park.



Deferred Maintenance projects include:

- upgrading components of the kitchen electrical and mechanical systems;
- cleaning and upgrading various components of the concession facility HVAC systems including cleaning duct work and replacing a furnace;
- conducting various investigative/safety procedures related to the concession building electrical systems; and
- repairing/replacing various exterior and interior building components such as damaged wood siding, damaged windows and damaged sections of drywall.

Design and Construct 10 Additional RV Hook-up Sites

The new contract will require the concessioner to design and construct 10 additional full hook-up sites for use by RVs at the campground. The scope will include redesigning the existing campground into a 24-site RV park, leaving a 166-site campground. The NPS will be responsible for completing necessary compliance on this project.

GENERAL UTILIZATION AND OPERATING DATA

The proposal package requires Offerors to develop financial projections based on businesses to be operated and the improvements required. To assist the Offerors in the development of these projections, information regarding utilization and operating data is presented on the following pages. Also included are some baseline projections for the required services to be provided under the new Contract. Please note that operating projections are estimates based on NPS assumptions that were developed taking into account appropriate historical data, industry standards and other considerations. The NPS has assumed, for the purposes of its projections an annual inflation rate of 2.5 percent. Some or all of the projections may not materialize and unanticipated events may occur that will affect these projections. Offerors should be appropriately cautious in the use of all operating estimates. Although the NPS does provide some financial projections, Offerors are responsible for producing their own prospective financial analyses and may not rely on NPS projections. The NPS does not warrant and assumes no liability for the accuracy of the financial projections or estimates contained in this prospectus.

Concession Operations

The concession operation generated \$5,035,373 in revenues in 2005, with lodging sales accounting for approximately 32.2 percent of total revenue. Over the last six years, total revenue for the concession operation has ranged from \$4.14 million to \$5.04 million, varying less than eight percent, as seen in the chart below. A 7.8 percent decrease in total revenue occurred between 2001 and 2002, with the majority occurring in the service station operation and food and beverage at Stovepipe Wells, accounting for 40.3 percent and 27.3 percent of the drop, respectively. Stovepipe fuel sales decreased 22.9 percent, approximately \$120,000, in part due to an 8.9 percent decrease in gasoline prices, and probably in part due to the introduction of a new service station selling branded gasoline at Panamint Springs.



Exhibit 17 Historical Gross Revenue for Combined Concession Operations, 2001 to 2005

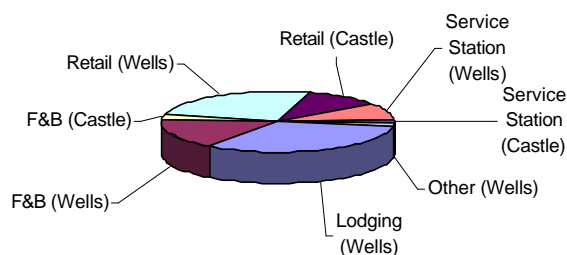
	2001	2002	2003	2004	2005
Total Revenue	\$4,445,145	\$4,143,067	\$4,534,750	\$4,349,999	\$5,035,373

Source: Concessioner AFR

The following chart displays the total revenue by department for the concession operation at Death Valley National Park for 2005.

Exhibit 18 2005 Concessions Revenue by Department

Department	Revenue	Share of Total
Lodging (Wells)	\$1,624,300	32.3%
F&B (Wells)	\$825,898	16.4%
F&B (Castle)	\$137,396	2.7%
Retail (Wells)	\$1,278,918	25.4%
Retail (Castle)	\$505,414	10.0%
Service Station (Wells)	\$453,443	9.0%
Service Station (Castle)	\$119,749	2.4%
Other (Wells)	\$90,255	1.8%
Total Revenue	\$5,035,373	100.0%



Source: National Park Service

Lodging Services

The hotel at Stovepipe Wells Village is an 83-unit mid-scale lodging operation. Hotel revenue comprised approximately 32.2 percent of total revenues in 2005. The following table presents the maximum approved room rates for Stovepipe Wells by type.

Exhibit 19 Maximum Allowable Room Rates, 2001 to 2005

	2001	2002	2003	2004	2005
Deluxe	\$92	\$95	\$99	\$103	\$107
Standard	\$70	\$75	\$79	\$83	\$87
Patio	\$50	\$55	\$59	\$63	\$67

Source: National Park Service

The following chart details annual hotel occupancy and average daily rate ("ADR") from 1998 to 2004, based on information received from the National Park Service.



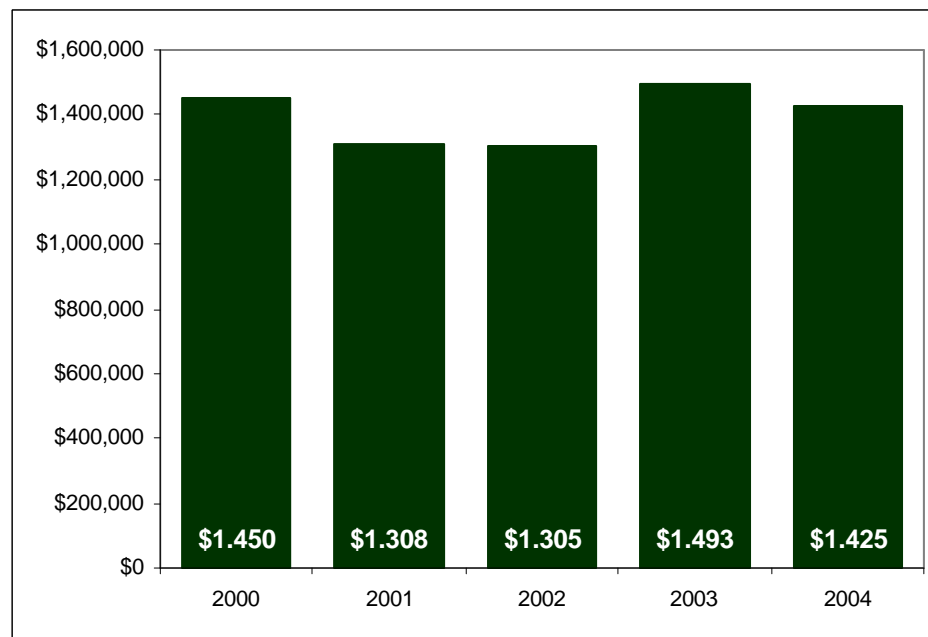
Exhibit 20 Stovepipe Wells Annual Hotel Occupancy and ADR, 1998 to 2004

Year	Occupancy	ADR
1998	70 to 74 percent	\$60 to \$64
1999	70 to 74 percent	\$65 to \$69
2000	65 to 69 percent	\$70 to \$74
2001	55 to 60 percent	\$70 to \$74
2002	55 to 60 percent	\$75 to \$79
2003	55 to 60 percent	\$80 to \$84
2004	55 to 60 percent	\$80 to \$84

Source: National Park Service

The following graph details total lodging revenues from 2000 to 2004.

Exhibit 21 Total Lodging Revenue Summary, 2000 to 2004



Source: National Park Service



The following table details the projected revenue from the lodging operation at Stovepipe Wells between 2004 and 2008.

Exhibit 22 Projected Lodging Revenue, 2006 to 2010

	2006	2007	2008	2009	2010
Lodging	\$1,678,000	\$1,807,000	\$1,934,000	\$1,983,000	\$2,032,000

Source: National Park Service

Projected Expenses

The NPS projects that the lodging operation will incur the following direct costs.

Direct labor	\$16.50 per occupied room night
Other departmental costs	\$5.50 per occupied room night

RV Sites

The concessioner accepts reservations and collects fees for 14 RV (full utility hook-up) sites at the Stovepipe Wells Village campground. Following the completion of the proposed CFIP, the concessioner will manage a total of 24 sites. The NPS has historically, and will continue to accept reservations and collect fees for the remainder of the Stovepipe Wells Village campground (primitive camping sites). The following table presents the maximum overnight rates allowed during the period from 2000 to 2004.

Exhibit 23 Maximum Allowable Rates for RV Sites, 2000 to 2004

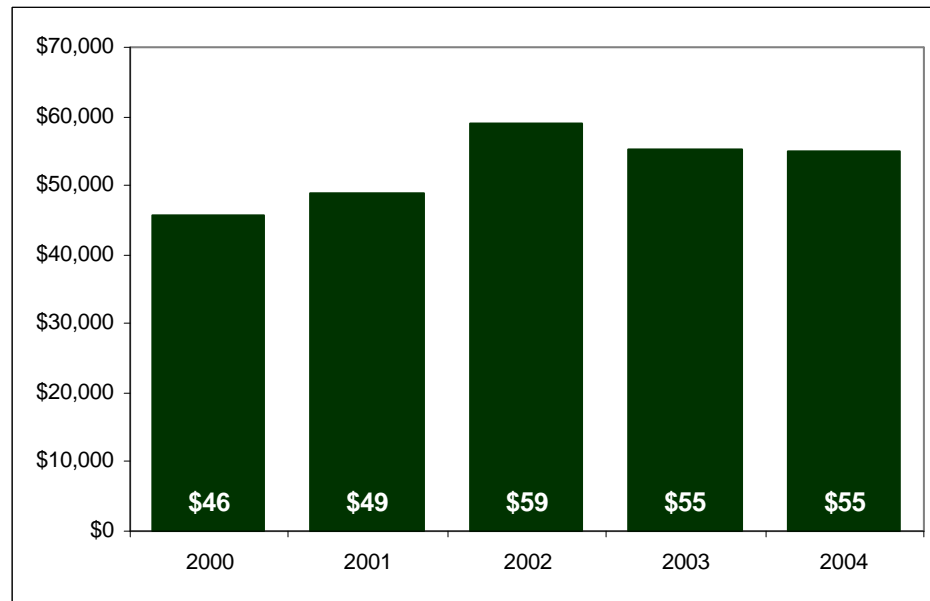
Year	Allowable Rate
2000	\$18
2001	20
2002	22
2003	22
2004	23

Source: National Park Service



The following chart summarizes historical revenue from the RV sites at Stovepipe Wells Village campground.

Exhibit 24 RV Site Revenue Summary, 2000 to 2004



Source: National Park Service

The following figure presents projected RV Site revenue.

Exhibit 25 Projected RV Site Revenue, 2006 to 2010

	2006	2007	2008	2009	2010
RV Site Revenue	\$90,000	\$93,000	\$95,000	\$97,000	\$100,000

Source: National Park Service

Projected Expenses

Certain costs associated with operating and maintaining the RV Sites are incurred by the concessioner. The labor cost to check guests in is included in the general store, while reservations are processed as part of hotel operations.

Food and Beverage Services

The Toll House restaurant is a 95-seat public dining room offering breakfast, lunch, and dinner in table-service format. Badwater Saloon, the lounge adjacent to Toll House, has seating for 75 people and maintains evening hours. The snack bar at Scotty's Castle is a 75-seat room offering hot and cold sandwiches and snacks during Scotty's Castle operating hours. The following table presents the range of 2004 entrée menu prices by meal period (rounded).

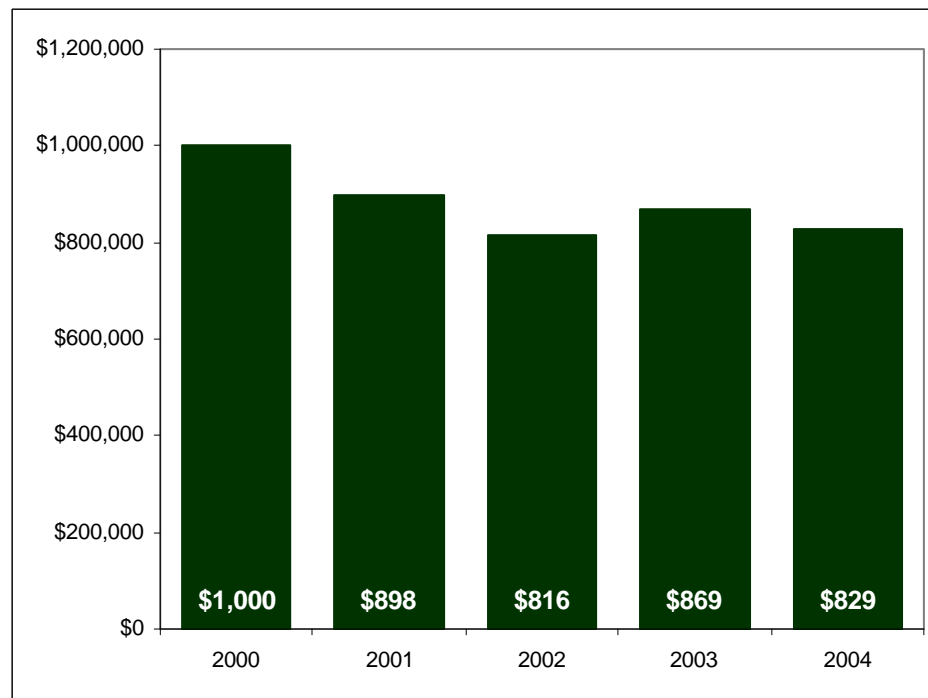


Exhibit 26 Entrée Price Ranges by Meal Period, 2004

Meal Period	Toll House	Snack Bar
Breakfast	\$3 to \$7	N/A
Lunch	\$5 to \$8	\$3 to \$5
Dinner	\$10 to \$23	N/A

Source: National Park Service

The following chart summarizes historical food and beverage revenue at Toll House restaurant, Badwater Saloon and Scotty's Castle snack bar.

Exhibit 27 Total Food and Beverage Revenue Summary, 2000 to 2004

Source: National Park Service

The following figure presents projected food and beverage revenue for the combined operations, including the conversion of the Scotty's Castle snack bar to a limited service food operation.

Exhibit 28 Projected Food and Beverage Revenue, 2006 to 2010

	2006	2007	2008	2009	2010
Food and Beverage Revenue	\$818,000	\$877,000	\$936,000	\$959,000	\$983,000

Source: National Park Service



Projected Expenses

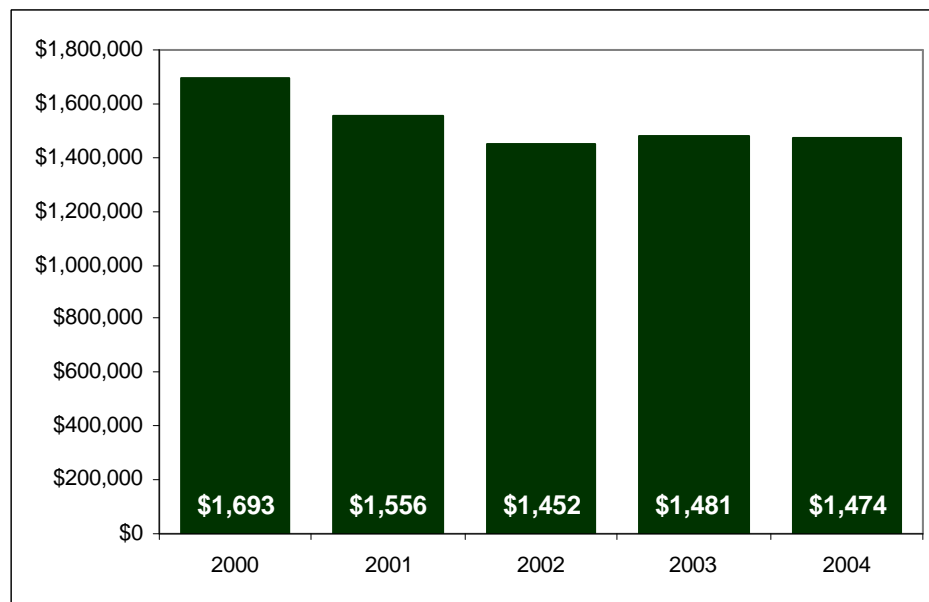
The NPS projects that the food and beverage operation will incur the following direct costs.

Cost of goods sold	26 percent of gross food and beverage sales at Stovepipe Wells and 60 percent of gross food and beverage vending sales at Scotty's Castle
Direct labor	53 percent of gross food and beverage sales at Stovepipe Wells with minimal direct labor at Scotty's Castle
Other costs	Eight percent of gross food and beverage sales at six percent at Stovepipe Wells and three percent at Scotty's Castle

Retail Services

Stovepipe Wells and Scotty's Castle currently offer three separate retail outlets: a gift shop in the hotel reception building, a general store in a stand-alone building next to the campground at Stovepipe Wells, and a gift shop that shares a building with the snack bar and employee housing at Scotty's Castle. The following chart presents historical retail revenue.

Exhibit 29 Total Retail Revenues, 2000 to 2004



Source: National Park Service

The required services for retail are similar to those currently offered. The following figure presents projected retail revenue for the two gift shops and general store.

Exhibit 30 Projected Retail Revenue, 2006 to 2010

	2006	2007	2008	2009	2010
Retail Revenue	\$81,000	\$83,000	\$85,000	\$87,000	\$89,000

Source: National Park Service



Projected Expenses

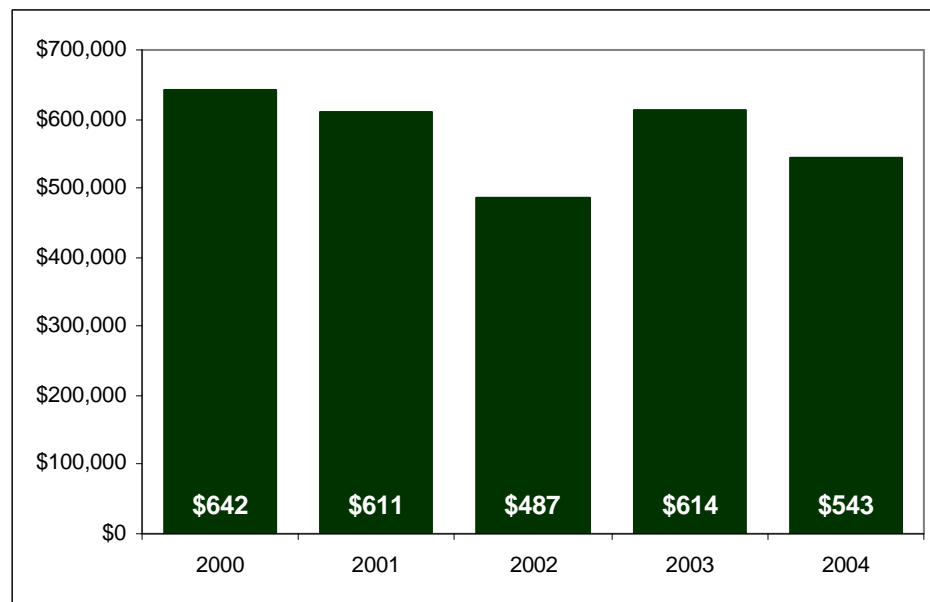
The NPS projects that the retail operation will incur the following direct costs.

Cost of goods sold	52 percent of gross retail sales for the gift shop and general store at Stovepipe and 45 percent of gross retail sales for the gift shop at Scotty's Castle
Direct labor	17 percent of gross retail sales at Stovepipe Wells and 10 percent of gross retail sales at Scotty's Castle
Other	1.5 percent of gross retail sales at Stovepipe Wells and \$4,000 at Scotty's Castle

Service Stations

The service station consists of four gas pumps near the general store at Stovepipe Wells and two gas pumps near the building that houses the gift shop and snack bar at Scotty's. The Stovepipe facility is easily accessible to motorists passing through the area on CA-190. The following chart presents historical retail revenue.

Exhibit 31 Total Service Station Revenues, 2000 to 2004



Source: National Park Service



The required service station services are similar to those currently offered. The following figure presents projected service station revenue for the combined operations at Stovepipe and Scotty's Castle.

Exhibit 32 Projected Service Station Revenue, 2006 to 2010

	2006	2007	2008	2009	2010
Service Station Revenue	\$574,000	\$614,000	\$683,000	\$700,000	\$718,000

Source: National Park Service

Projected Expenses

The NPS projects that the fuel operation will incur the following direct costs.

Cost of goods sold	80 percent of gross fuel sales at Stovepipe Wells and 82 percent of gross sales at Scotty's Castle
Payroll and other costs	\$34,000 at Stovepipe and \$8,000 at Scotty's Castle

Other Revenue

Vending, meeting room rentals, showers, no show charges, ATM fees and miscellaneous revenues are referred to as other revenue. During the past five years, other revenue has ranged from approximately \$25,200 in 2000 to slightly over \$28,500 in 2004, increasing every year. The projected revenue from other sources is \$25,000 in 2006.

Employee Housing

The concessioner operating under the new contract will have access to certain employee housing facilities within the Park. Proximate to Stovepipe Wells Village, there are two dorms which can house 35 employees. Additionally, 20 employee RV sites are available. These facilities are expected to be available to the concessioner operating under the new contract. Additionally, there are currently two trailers available proximate to Scotty's Castle. On May 1, 2007, or later if mutually agreed, the concessioner will be required to vacate the two trailers at Grapevine. Two full hook-up RV sites will be established in their place and assigned to the concessioner. Also at that time, the NPS plans to begin renovating the 'motel units' which are contiguous to the store on the Castle grounds. There will be one unit assigned to the concessioner after the renovation is complete.

Utilities

The Park provides water and sewer service 365 days a year. These services are provided to the concessioner on a reimbursable basis and shall be billed monthly to the concessioner. Garbage, propane and electricity, and telephone services are provided through independent contractors. NPS provided utility charges for 2004 were \$293,980. Projected energy costs are \$310,000 in the base year and grow at an inflationary rate of 2.5 percent. A modest amount of energy cost savings has been estimated due to the authorized closing of approximately 50 percent of the lodge's guestrooms during the summer months.



INVESTMENT ANALYSIS

The existing contracts, CC-DEVA002-81 and CC-DEVA001-84, as amended, require that the existing concessioner will sell and transfer to the successor its Possessory Interest in Concessioner and Government Improvements and all other property of the concessioner used or held for use in connection with such operations. Copies of CC-DEVA002-81 and CC-DEVA001-84, as amended, are contained in the Appendix.

General Description of Possessory Interest

The existing concessioner's Possessory Interest in improvements at the Park is generally described in Section 12 of the existing contracts, as amended. In summary, a Possessory Interest is a contractual right of the concessioner to receive compensation for improvements made by the concessioner in specified circumstances.

Estimates of Possessory Interest

The NPS has purchased all outstanding Possessory Interest from the current concessioner. Therefore, the Value of any Possessory Interest that must be acquired by a new concessioner is \$0.00 (zero dollars).

Other Property

Section 12 of CC-DEVA002-81 and CC-DEVA001-84, as amended, also require the concessioner to sell and transfer to the successor "all other property of the concessioner used or held for use in connection with such operations." (Other Property).

The estimated value of Other Property to be sold and transferred to the successor is \$426,000. This total includes the personal property held by the concessioner for use in the operation, such as room furnishings and fixtures, kitchen equipment and other machinery and equipment.

Offerors should not rely on the National Park Service estimates in preparing and submitting proposals in response to this Prospectus. It is the responsibility of Offerors to make their own estimates of the compensation that must be paid the existing concessioner under the terms of the existing Concession Contract. A list of possible Other Property that may be required for purchase by the successful Offeror in accordance with the terms of the existing Contract is included in the Appendix.

Merchandise Inventory and Supplies

Sections 12 of CC-DEVA002-81 and CC-DEVA001-84, as amended, also require the concessioner operating under the new concession contract to purchase certain inventory and supplies, such as merchandise, of the existing concessioner. The value of this merchandise is estimated to be \$339,000 based on historical inventory levels.

The following table details the investment required of the concessioner as estimated by the National Park Service.



Exhibit 33 Estimated Required Investment

Initial investments (including first-year CFIPs)	Amount	Ratio to total
Possessory interest	\$0	0%
Personal property	426,000	38%
Inventory	339,000	30%
CFIP	351,000	31%
Total initial investment	<u>\$1,116,000</u>	<u>100%</u>
Note: total may not sum due to rounding.		

Source: National Park Service

Dispute Resolution

If the existing concessioner and the successor cannot agree upon the fair value of any item or items, the resolution will occur as provided in Sections 12 of the existing contracts, CC-DEVA002-81 and CC-DEVA001-84, as amended.

Leasehold Surrender Interest

There is no Possessory Interest for a concessioner to acquire. Therefore there is no Leasehold Surrender Interest at the beginning of the new contract. Refer to the Draft Contract and the Appendix for these terms. Offerors should note that all capital improvements that qualify for Leasehold Surrender Interest carry a measure of security that is uncommon in the private sector. Upon expiration or termination of the contract, the government is ultimately obliged for assuring payment of the Leasehold Surrender Interest value.

REPAIR AND MAINTENANCE

The Draft Contract requires the selected concessioner to establish a Repair and Maintenance Reserve for the purpose of ensuring that funds are available to cure certain maintenance problems that are not accomplished as part of normal operations. The Offeror is directed to Section 10c of the Draft Contract for guidance on the terms and conditions for the Maintenance Reserve. The Maintenance Reserve for this contract will be two percent of gross receipts per year for the term of the contract.

FRANCHISE FEE

The minimum franchise fee set forth under Principal Selection Factor 5 in the Proposal Package is 2.5 percent up to and including Gross Receipts of \$4.5 million, 7.5 percent of Gross Receipts over \$4.5 million, but less than or equal to \$5.5 million, and 12.5 percent of Gross Receipts in excess of \$5.5 million. This fee structure was based, in part, on the Possessory Interest and Other Property compensation estimates developed by the National Park Service.



SITE VISIT

A one-day site visit is scheduled to occur approximately 30 days following the release of the prospectus; a subsequent notice will be published at www.fedbizopps.gov. Questions regarding the date, time and location of the site visit should be directed to:

Trina Lapinsky
Acting Business Manager
Death Valley National Park
P.O. Box 579
Death Valley, CA 92328
Phone: 760-786-3236
Email: Trina.Lapinsky@nps.gov

TERM AND EFFECTIVE DATE OF NEW CONTRACT

This contract is for a term of ten (10) years beginning on its effective date. The effective date shall be January 1, 2007. The effective date of the contract is subject to change prior to contract award if determined necessary by the NPS due to transfer timing issues. The expiration date of the contract will be changed to continue the same term length from any changed effective date.

INTERNET REFERENCES

The following links, some of which have been previously mentioned in this section, may be useful to Offerors.

National Park Service information	http://www.nps.gov
Death Valley National Park Information	http://www.nps.gov/deva/
A Guide to the National Parks and Natural Landscapes of Southwest USA	http://www.americansouthwest.net/
Las Vegas Convention and Visitors Bureau	http://www.lvcva.com/
McCarran International Airport	http://www.mccarran.com/

